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April 18, 2006

AGENDA ITEM 8

TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

- I. SUBJECT:** Member and Benefit Services Branch Effectiveness Measures
- II. PROGRAM:** Member and Benefit Services Branch
- III. RECOMMENDATION:** For Information Only
- IV. ANALYSIS:**

The Member and Benefit Services Branch (MBSB) has been providing this Committee with quarterly reports summarizing various aspects of workload processing within the Branch relative to attainment of performance goals. These reports have been referred to as “MBSB Effectiveness Measures.” For an example, please refer to Attachment A.

In September 2005, the Board adopted a new set of strategic goals to guide CalPERS into the future. A new three-year business plan is currently under development to implement these new strategic goals. As we develop this three-year business plan it has become clear that current effectiveness measures will not provide the type of information needed to track the successful implementation of the new strategic goals.

In addition, as presented to the Board at the January 2006 offsite, there have been two important and unexpected developments which have also significantly impacted the current measures’ validity. These two developments are:

1. Nolan decision regarding disability retirement

This decision made significant changes to the way CalPERS processed disability claims. Ambiguities in the decision required a temporary halt to the processing of disability retirement claims, while staff determined how to proceed consistent with the new requirements. This temporary halt created a

large backlog of cases. A plan to liquidate this backlog is in place and is proceeding towards a successful resolution. The current effectiveness measures do not account for the additional processing time and workload required by the new steps added by this unexpected court decision.

2. Implementation of Additional Retirement Service Credit (ARSC)

This new service credit purchase program was the result of last minute legislation. Within a short time period after this legislation became law, CalPERS was flooded with requests for estimates and/or applications for purchasing this new service credit type. The current effectiveness measures did not account for processing this added volume of requests/applications.

At the January 2006 Board offsite, we reported on a number of improvements that need to be made to our performance measures. These improvements include:

- Broaden customer satisfaction measures across the pension program areas:
 - Measure performance end-to-end
- Improve data for measuring the quality of the service and/or product:
 - Ensure accountability within processes
 - Address service levels during peak-time workload
 - Ensure that processes produce desired outcomes
- Improve data for measuring cost effectiveness:
 - More precisely gauge the true cost of delivering products and services
- Improve data for measuring effort and efficiency:
 - Collect data to measure the effort required to do the work
 - Ensure that our processes are efficient
 - Enhance our ability to monitor trends within our processes and manage proactively
- Improve data collection and reporting:
 - Eliminate manual gathering and counting
 - More effective packaging and presentation

For all of the above reasons, we have embarked on the Performance Management Project. This project was approved by the Board in the FY 2006-2007 budget, to identify and recommend appropriate performance measurements which will provide meaningful and realistic performance goals to guide CalPERS pension benefit processes into the future. The Performance Management Project is described in more detail in Attachment B. Ultimately,

these new performance measurements will enable us to better inform the Board and to better balance workload with staffing resources to prevent future backlogs from occurring.

In order to jump start the Performance Management Project we expect to begin the Request for Offer (RFO) process in the current fiscal year so that the consultant can conduct an early assessment of the performance management tools currently employed by MBSB. This will better enable the consultant to develop a final, detailed project plan, focus efforts during the project and leverage current processes. Our schedule calls for the consultant to provide a status report at the June BPAC meeting. We expect to have the detailed project plan from the consultant by August 2006 and will bring that back to this Committee at the September BPAC.

During this interim time period before new performance measures are implemented, it is critical that we continue to manage our workload, especially our progress towards eliminating crucial workload backlogs. It is also essential that we keep the Board apprised.


Attachment C shows management reports which MBSB currently uses internally to manage workload and measure progress towards eliminating backlogs. Because they provide a clearer picture of where things stand, we propose to provide these additional reports to the Board along with the quarterly effectiveness measures reports. We will continue this augmented reporting process until new measurements can be adopted based on the Performance Management Project.

V. STRATEGIC PLAN:

New measurements resulting from the Performance Management Project will provide a useful tool in assessing progress towards meeting the new CalPERS strategic goals.

VI. RESULTS/COSTS:

None.



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Attachments